

Congress of the United States
House of Representatives
Washington, D.C. 20515

January 31, 2005

The Honorable David M. Walker
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Walker:

We are writing to request that you conduct a review of the vulnerabilities of foreign and domestic maritime energy transport infrastructure to terrorist attack, and efforts by governmental and private sector entities to reduce these vulnerabilities through enhanced security, planning, and other prevention, preparedness, and response activities.

In October 2002, the French supertanker "Limburg" was attacked off the coast of Yemen by a small vessel laden with explosives releasing some 90,000 barrels of oil despite the fact that the vessel was fitted with double-hull technology. In Iraq, attacks on oil and gas targets have increased from two in January 2004, to 18 in September 2004 (Institute for the Analysis of Global Security). Clearly, attacks on oil targets overseas are a concern for world energy markets, and could have lasting international and domestic economic repercussions.

Each day, hundreds of tankers enter or traverse through U.S. waters carrying petroleum or other combustible materials, including liquefied natural gas (LNG) and liquefied petroleum gas (LPG). During 2000 and 2001, LNG tankers under Algerian flag were involved in drug and illegal alien smuggling, and these illegal aliens may have had an indirect association with those indicted for the "Millennium Plot" (Letter from U.S. Department of Homeland Security to Representative Ed Markey, April 15 2004). In response to these events and the attacks on September 11th, 2001, the Federal government has taken several steps to understand and manage any risk of a terrorist attack on LNG and LPG shipments. For instance, the United States Coast Guard (USCG) has worked in partnership with the Federal Energy Regulatory Commission (FERC) and other stakeholders to implement and enhance several measures to prevent terrorist attacks on LNG shipments. These included LNG vessel escorts, moving safety zones around LNG shipments, security boardings prior to port arrival to ensure LNG vessels remain under proper control throughout transit, and a 96-hour notice of arrival for all commercial vessels prior

to U.S. port arrival with details of crew, cargo, and history of the vessel, all of which are evaluated using a number of national security databases.

A recent December 2004 study by Sandia National Laboratories (Sandia study) points out that the consequences of an intentional LNG cargo breach are not fully understood. This lack of understanding is in part due to the absence of any major spill events that have occurred due to existing safety management practices and LNG ship designs. Nonetheless, the Sandia study also estimates that a worst-case event could represent a substantial risk to public safety. The report further points out that the risks to public safety and property from LNG spills can be managed to significantly reduce the likelihood of such an event. In the recommendations on how to reduce risk of LNG shipments the Sandia study points out that, "many of the strategies identified are already under consideration or being implemented by the Coast Guard." We are informed that the USCG is actively reviewing the Sandia study, and will make additional enhancements as necessary to ensure all LNG transits are conducted in the safest possible manner.

Nonetheless, in spite of our current efforts, the Sandia study points out inconsistencies between the various studies regarding the consequences of a large LNG spill. Until these inconsistencies are more fully understood, we cannot be fully confident in our current efforts to manage these risks. The gaps in our understanding of these issues need to be more fully evaluated.

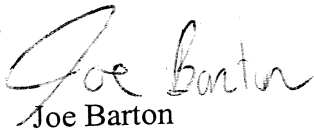
We therefore request that GAO examine these matters, and specifically address the following questions:

1. What vulnerabilities presently exist to potential terrorist attacks on the U.S. maritime energy transportation system, especially crude oil, LNG and LPG carrying tankers? What measures have already been implemented to protect these shipments as they enter and traverse U.S. waters and ports, taking into account current policies of FERC, USCG and other appropriate Federal agencies?
2. What security and environmental plans presently exist to: (1) clean up spillage should an event occur, and (2) respond to a deliberate attack on a tanker, both on-site and in surrounding communities? Have these plans been communicated to all relevant agencies at both the State and Federal level, and have they been exercised to enhance effectiveness?
3. What plans exist to mitigate the economic impact that an attack on a crude oil, LNG, or LNG tanker could have on the U.S. economy? If an attack on one or more particularly large carriers -- such as a 'very large crude carrier' or VLCC class tanker -- were to occur, what effect could the loss of such a vessel have on the energy markets? What effect would the blockage of a critical ship channel have? To what extent can the tanker industry, or the United States, compensate for the loss of one or more ships and cargo loads?
4. There appears to be a significant debate as to the public health and safety consequences of an intentional attack on an LNG or LPG tanker, as well as the ability of terrorists to

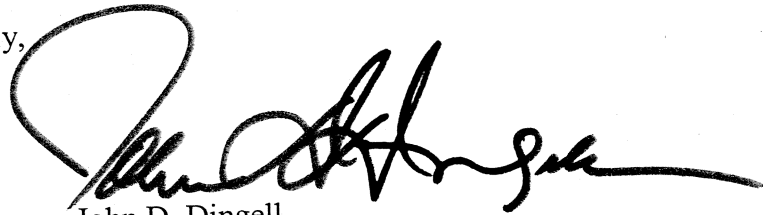
engage a successful attack. Please review the available literature and any tests or studies regarding intentional attacks on tankers, and recommend any additional tests or studies needed to further understand the risk of terrorist attack and the potential public health and safety consequences.

If you have any questions regarding this request, please feel free to contact us or our staff. Thank you in advance for your cooperation on this request.

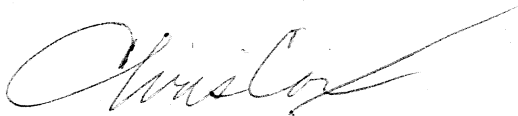
Sincerely,



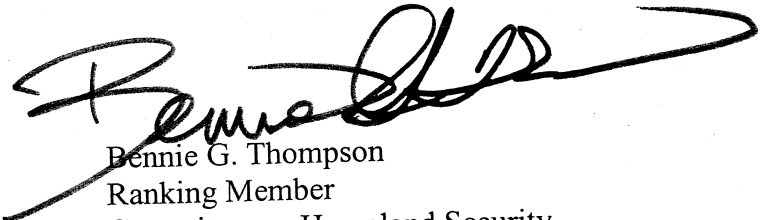
Joe Barton
Chairman
Committee on Energy and Commerce



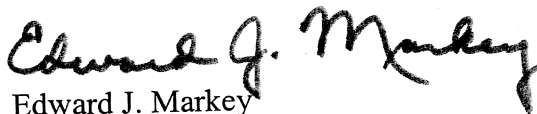
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